



The small cap market continued to add gains during the third quarter, as both fiscal and monetary stimulus took hold and consumer spending increased. This resulted in an economy that likely grew at a record pace during the third quarter after the historic collapse witnessed in the second quarter of 2020. While the future impacts of COVID-19 on the economy are certainly still on investors' minds, the U.S. Presidential election moved front and center as the calendar turned to October. While it's easy to get caught up in political rhetoric, we think it is best to ignore it and focus on the economy. Interest rates are at historic lows, consumers are regaining confidence, and certain industries such as homebuilding, transportation and technology are advancing. There are several companies in the Argent Small Cap Core strategy benefiting from the current economic setting.

The portfolio has exposure to the residential homebuilding markets through companies such as Gibraltar Industries, Inc. and Installed Building Products, Inc. Gibraltar supplies roof and foundation ventilation products, retractable awnings and gutter guards, and solar racking products to the new construction, remodeling, and renewable energy end markets. Installed Building Products is the second-largest residential insulation installer in the United States. Insulation is a very small piece of the overall cost of building a home. While very important from a performance standpoint, it isn't at the top of builders' or buyers' minds when constructing or purchasing a new home. Both Gibraltar and Installed Building Products provide essential components to an industry that is experiencing nice growth tailwinds.

Freight transportation is another area of the market that is flourishing and the Argent Small Cap Core strategy's investment in Marten Transport, Ltd. has thrived. The company is one of the largest providers of temperature-sensitive truckload carrier services. Marten's fleet of refrigerated trucks and its dedicated fleet services are in high demand as customers look for quick and efficient ways to move their temperature and time-sensitive goods across the United States. As consumers become more comfortable shopping for everything from groceries to cars to medicine online, specialized freight carriers should benefit for years to come.

As it relates to technology, COVID-19 has accelerated several trends in this sector. One of the biggest trends is the need for employees to work remotely and the associated security concerns. Qualys, Inc. provides cloud security to businesses that need to protect their information technology infrastructures. Cybersecurity threats are persistent, growing issues for companies of all sizes, and Qualys provides a time tested, adaptable solution to help businesses meet this critical need. Given the large, growing addressable market, Qualys will benefit from a continuous upgrade cycle that comes from an increasing customer base.

We have four successful equity strategies – Large Cap U.S., Small Cap U.S., Dividend Select and Mid Cap U.S. If you have questions about any of these options or know others who might have an interest in our strategies, please call us.

Sincerely,

A handwritten signature in black ink that reads "Peter Roy". The signature is written in a cursive, slightly stylized font.

Peter Roy
Portfolio Manager